

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-076-E - ORDER NO. 96-209✓
MARCH 21, 1996

IN RE: Application of Carolina Power & Light) ORDER GRANTING
Company for Authority to Issue) AUTHORITY TO
Additional Securities Pursuant to) ISSUE SECURITIES
Revolving Credit Agreement.) PURSUANT TO
) REVOLVING CREDIT
) AGREEMENT

This matter comes before the Public Service Commission of South Carolina (the Commission) upon Application of Carolina Power & Light Company (Company, filed on March 11, 1996, requesting authority to issue securities pursuant to a Revolving Credit Agreement by and between the Company and Citibank, N.A., as agent for certain Lender banks.

FINDINGS OF FACT

1. The Company's correct name and post office address are Carolina Power & Light Company, Post Office Box 1551, Raleigh, North Carolina 27602. The name and post office address of its attorney are Patricia Kornegay-Timmons, Post Office Box 1551, Raleigh, North Carolina 27602. The Company is a corporation organized and existing under the laws of the State of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, delivering and furnishing electricity to the public for compensation.

2. The Company's capital stock outstanding at December 31, 1995, consisted of Common Stock with a stated value of \$1,381,496,000 and Preferred Stock having a stated value of \$143,801,000. As of December 31, 1995, the retained earnings of the Company were \$1,385,378,000.

The Company's existing long-term debt at December 31, 1995 consisted of principal amounts of \$2,073,756,000 in First Mortgage Bonds and \$670,797,000 in other long-term debt. The First Mortgage Bonds were issued under and pursuant to an Indenture of Trust dated as of May 1, 1940, duly executed by the Company to The Bank of New York (formerly Irving Trust Company), as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by W.T. Cunningham, who presently is acting as Individual Trustee, as supplemented by sixty-three Supplemental Indentures.

3. The Company proposes to negotiate and enter into a 5-Year Revolving Credit Agreement (the "5-Year RCA") with Citibank, N.A. (Citibank") as agent for certain Lender banks in order to provide credit enhancement for the issuance of additional commercial paper and/or provide other short-term financing, in either case to provide the Company flexibility to meet its increased long-term capital needs. The terms and conditions of the 5-Year RCA are set forth in the Commitment Letter and Annex I (Part 2) to said Letter, which were attached to the Company's Application as Exhibit A and Exhibit B, respectively. The amount of the 5-Year RCA is \$250,000,000. The 5-Year RCA will have an initial term of five (5) years. Under the 5-Year RCA, the Company will have the option of two different interest rates per annum on any borrowings, as set

forth on page 3 of Exhibit B and the Pricing Grid attached to the Company's Application.

4. The Company estimates that it will incur expenses of approximately \$50,000 in connection with the negotiation and execution of the 5-Year RCA. Additionally, the Company will be charged a commitment fee which can range from 9 basis points to 30 basis points based upon the ratings of the Company's First Mortgage Bonds by Standard & Poor's or Moody's in accordance with Exhibit B and the Pricing Grid attached to the Company's Application.

5. The Company also proposes that the Commission authorize the Company to make minor modifications and amendments to the 5-Year RCA as the Company and the participating Lender banks deem necessary from time to time; provided, however, that in no event would the Company amend the 5-Year RCA to (i) increase the amount of the total commitment; (ii) increase the rate of interest; or (iii) increase the commitment fees to a level greater than 11 basis points above the levels reflected in Exhibit B and the Pricing Grid attached to the Company's Application, without the approval of the Commission. The Company believes that by granting this authority, the Commission will avoid having to get involved in such minor modifications and amendments and will be able to devote its attention to more substantial matters.

6. In compliance with Order 91-72 in Docket No. 91-032-E, the Company provided the following additional information:

- a. Because the effect of the proposed revolving credit facility on the Company's Consolidated Balance Sheet is nominal, a restated Consolidated Income Statement and a restated Consolidated Balance Sheet were not provided.
- b. No funds will be generated to the Company as a result of the proposed revolving credit facility. The 5-Year RCA itself, however, is an essential element of the Company's commercial paper borrowing program since it acts as a backup to this program and other short-term obligations. The Company's rating agencies require such backup facilities in order to maintain the ratings on the Company's short-term obligations.
- c. If the authority to issue securities pursuant to the 5-Year RCA is delayed or not approved, the Company's ability to provide liquidity support to low-cost debt such as commercial paper and other short-term obligations will be impaired.
- d. The information regarding the expected rate of interest is provided in Paragraph 3 of the Application.
- e. Entering into the 5-Year RCA will enable the Company to reduce its interest expenses. Information regarding the expected costs of the 5-Year RCA is provided in Paragraph 4 of the Application.

- f. The impact of the proposed transaction on the Company's capital structure is nominal, as commercial paper supported by a long-term bank facility may be classified as long-term debt on the Company's Consolidated Balance Sheet.

CONCLUSIONS OF LAW

1. From a review and study of the Application, its supporting data and other information in the Commission's files, the Commission finds that the transaction or transactions herein proposed:

- (i) Are for a lawful object within the corporate purposes of the Company;
- (ii) Are compatible with the public interest;
- (iii) Are necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;
- (iv) Will not impair the Company's ability to perform its public service; and
- (v) Are reasonably necessary and appropriate to provide adequate funds for such corporate purposes.

2. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

3. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

IT IS, THEREFORE, ORDERED:

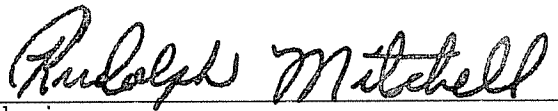
1. That Carolina Power & Light Company be and hereby authorized and empowered (i) to enter into the 5-Year RCA as described in the Application, (ii) to issue securities in the form of commercial paper and other short-term financing pursuant to the 5-Year RCA at such times as the Company desires to borrow funds pursuant to the 5-Year RCA, and (iii) to execute, deliver and carry out such instruments, documents and agreements as shall be necessary or appropriate in order to effectuate such transaction. It is further ordered that: (iv) the terms and conditions of the 5-Year RCA substantially described in the Commitment Letter and Annex I (Part 2) to said Letter, attached to the Company's Application as Exhibit A and Exhibit B, respectively are hereby approved; and (v) the Company be authorized, empowered and permitted to make minor modifications and amendments to the 5-Year RCA as the Company and the participating Lender banks deem necessary from time to time; provided, that in no event shall the Company amend the 5-Year RCA to increase the amount of the total commitment, the rate of interest, or the commitment fees to a level greater than 11 basis points above the levels reflected in Exhibit B and the Pricing Grid attached to the Company's Application, without the prior approval of this Commission.

2. Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

3. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director
(SEAL)